

**Initial Report on the
Possibility of a Freight Ferry Service
Between Martha's Vineyard and New Bedford**

August 10, 2017

Flagship Management was hired to further investigate the possibility of a Freight Ferry Service between Martha's Vineyard and New Bedford. Flagship Management would find out, on the SSA's behalf, whether any private operators might be interested in providing the New Bedford freight service at their own financial risk under a license agreement with the SSA and, if so, under what terms and conditions. We would also support the SSA with any additional needs as they come up.

We would look at the existing infrastructure in New Bedford for supporting such a service and what options are available. We would also look at companies (including their existing vessels and financial backgrounds) capable of performing the service. We would review the previous operations run by Seabulk (formerly Hvide Marine) from start to finish of that service. It is also believed that we would need to look at past studies to get a better idea for the carriers what options exist. I see it useful to interview a sampling of the freight customers as well.

Scope of Work

To perform this study, Flagship Management would complete the tasks outlined below.

Task 1. Review of Existing Facilities in New Bedford.

Task 2. Review Potential Carriers and Identify Possible Interest.

Task 3. Review Existing Studies.

Task 4. Freight Customer Interviews.

Task 5. Bring Potential Carriers to Steamship Authority (SSA)

Task 1. Review of Existing Facilities in New Bedford.

In starting this review I began in looking at the past operation of the State Pier facility, which Seabulk operated in agreement with the HDC (Harbor Development Commission) while under an operating agreement with the SSA (Steamship Authority). We operated this facility for a period of two years carrying trucks and large service vehicles of various sizes. We performed two round trips per day from the State Pier to Vineyard Haven. The State Pier was a great platform to operate from at the time with ample space for trucks as well as a suitable berth for the Seabulk Minnesota which was the vessel performing the run at that time. I also read past studies that were available that were paid for from a variety of sources looking at existing facilities at that time. These studies resulted in the State Pier being chosen as the best location to operate a freight service from at that time.

I began my study reviewing some of the options that currently exist in New Bedford today. The main three in my opinion were the State Pier, the New Bedford Marine Commerce Terminal, and the adjacent former Shuster property. From an operators standpoint I believe that these facilities were worth exploring to see what facility would work best. This part of the study is very critical to the longer term potential of the project and to a safe and effective operation by any carrier.

I began at the New Bedford Marine Commerce Terminal and the former Shuster property just north of it. The rebuild that has been done to the Marine Commerce Terminal is impressive with plenty of space for the operation and staging area. The only area of the terminal that could be used is the south end of the terminal with a ramp as the terminal's design is for wind project associated vessels to be berthed alongside the pier. The south end could work but would require a completely new ramp and possible dredging where the vessel would load and unload. I estimate this would be financially unfeasible for a new operation unless the state or federal government heavily subsidized it. With this in mind I don't feel that this would work as well for this operation as it is currently set up for its new mission.

From here I moved to the adjacent former Shuster property just to the north, which is now operated by the New Bedford Marine Commerce Terminal. This site had been identified by a few studies back in the late 1990's as I recall from our past operation. This property has ample space for staging trucks and loading/unloading of the vessel. It is well located for trucks to get to Route 18 and 195 pretty quickly. Another advantage this property has is that the bulkhead is roughly 5 or 6 feet lower to the water which would require a shorter transfer bridge from the terminal to the vessel. It would require a new transfer bridge and rebuilding of the bulkhead to accomplish this, which would be expensive but from

my experience could be done if necessary. Overall a great property with some potential for a future operation but would require further financial review by the property owner and any potential operator.

The last property that I reviewed was the State Pier in New Bedford, the same location from which that I operated the last freight vessel run to Martha's Vineyard in the early 2000's. The terminal is now operated by Department of Conservation & Recreation but its management is due to be transferred to Massachusetts Development in the next month or two. The former freight terminal is now being used by Seastreak Ferries, which operates a passenger ferry to the islands of Nantucket and Martha's Vineyard. The location of the terminal is an ideal location due to its proximity to Route 18 and 195 with ample space for trucks as well as loading/unloading setup.

The main questions surrounding the State Pier are about its current physical condition and how much it will cost to repair it to working condition for heavy trucks. There have been multiple studies done on the Pier itself from engineering reports, repair requests, and other various rehabilitation proposals. I will attach these in an addendum to my report. I spent a great deal of time reading the various documents as well as multiple visits to the State Pier. I visited the facility with Jim Barker, President of Seastreak Ferries, and explored what he knew of the day-to-day condition of the Pier from an operational standpoint. I also received great cooperation for my study from Edward Anthes-Washburn, Executive Director of the HDC (Harbor Development Commission), and Jessica Shahdan, Pier Operations Manager of the State Pier. I toured the facility with both of them in trying to see what repairs needed to be done on a temporary or permanent basis and what could be done to make the terminal operational again from a physical standpoint.

What I draw as a conclusion is that the area of the State Pier that needs repair for truck access can be repaired for about 2 million dollars. This would repair areas in most need of strengthening and make the terminal safe for trucks. The estimate to fix the entire truck area would be about 5 million dollars to complete permanent repairs to the facility. This would need an engineering firm to update the areas in need of repair as some of these reports are three or four years old. I believe based on my experience that the State Pier could be ready for truck service by the spring of 2018.

The remaining questions from this discussion are where would the money come from for the repairs and getting support from local leaders as well as the state agencies.

Task 2. Review Potential Carriers and Identify Possible Interest.

I began this part of the survey looking at the past operation run by Seabulk (aka Hvide Marine), which I managed at the time. We had an older Offshore Supply Vessel, which was very economical to operate from a fuel standpoint, and had a decent size deck (120 ft long x 31 ft wide) including the ramp. We determined at that time that, in order to be able to operate efficiently on a stand-alone basis, we needed a larger deck with a beam or width capable of carrying four trucks wide. I took this information and began my review of companies with vessels of this size. Currently with the crash of the US oil industry, there exists an opportunity to get vessels at a reasonable rate from companies who have a good deal of interest in the service.

In reviewing potential carriers I looked at companies operating ferries, offshore supply vessels, and other varieties of vessels capable of performing the work. I contacted a sampling of the companies that I saw, in my opinion, as having potential vessels available and those capable of operating the service. I found a surplus of vessels that could operate the service with good fuel economy (75-125 gal/hr) and larger decks (130 ft plus long x 40 ft plus wide). I identified a handful of companies interested in the service that may come forward if a solicitation for the service is issued in the future.

In the discussions, each operator had a number of questions regarding the service and the history of it all. From my previous experience I could cover a great many of these issues but I will list the ones that will likely be asked in the future.

The questions that arose from the carriers were the following:

- How long would a contract or license be for?
- How would reservations be handled?
- How many round trips per day?
- Are there any limitations to hours operated?
- Would an operator be able to use the SSA-operated terminal in Vineyard Haven?
- When would a service start?

I feel that, if a solicitation for the service is issued, it will attract a number of quality operators and vessel owners. They will all have to work out the financial and political factors to operate the service.

Task 3. Review Existing Studies.

I reviewed a wide range of material ranging from previous SSA reports on the New Bedford freight service to independent studies conducted by various other agencies or companies. My goal was to refresh myself with some of the data pertaining to truck numbers, origins, and whether New Bedford would be advantageous for a freight operation. I was able to get reports dating back to the late 1990's and early 2000's, which proved useful when we operated the prior service and are still helpful today.

In the previous service operated by Seabulk, we operated 2 round trips to Vineyard Haven each day but had explored a 3rd trip option. I will cover this with the various transportation companies when I interview them in my next task in this study. It is an economical question with multiple variables ranging from a larger crew requirement as the vessel would work longer than a 12-hour day (USCG requirement) and the need for trucks to leave the island later in the day. I also weighed in on a 6-day-per-week schedule in the summer and a 5-day-per-week schedule in the offseason as well.

With the studies and history of the run it will come down to an operator providing a safe, reliable service that the truck owners want to use. Key factors will be to build a service based on a majority of the trucking companies and those closer geographically to New Bedford. Pricing will be a key item of interest as the last service was priced the same as Woods Hole to Martha's Vineyard.

I feel that, with all of the factors taken into account, if these variables were covered a private operator could operate a successful and desirable service.

Task 4. Freight Customer Interviews.

I began this part of the study with the help of the SSA in working with the shippers list for the last summer to and from Martha's Vineyard out of Woods Hole. I began with phone interviews to the top 25 users of this service and met with a handful of the larger truckers. I was able to speak with 80% of the customers on the list and all of the top 10 in terms of trucks carried on a one-way basis in the summer of 2016.

I received a largely positive response to a proposed service as another option for their businesses. The companies closer to New Bedford and west are more likely to use the service based on my conversations. The companies were most interested in what schedule the vessel would operate on and the number of days it would operate. Over half of the firms were interested in a Saturday service during the summer months. A few of the companies said they would use the service if they were able to drop a truck in New Bedford and pick it up on Martha's Vineyard as currently done on the Nantucket run. Note that this would exclude Hazmat Trucks, as they would require a driver.

I spoke with a few companies that were against the service if it reduced the number of trips from Woods Hole to Martha's Vineyard. Otherwise they saw no problem with the service. I got from these conversations that, if the service was running, that they may use the service occasionally if they were to source items for their businesses closer to New Bedford.

I also looked into how long the trucks stayed on the island before returning to try to determine schedule needs. The early morning trucks stayed an average of an hour or less that I surveyed. I explored a staggered departure from Martha's Vineyard in which the vessel would depart the terminal for an hour and come back to gather the trucks before returning to New Bedford. This is dependent on terminal availability and the volume of trucks that would use this service.

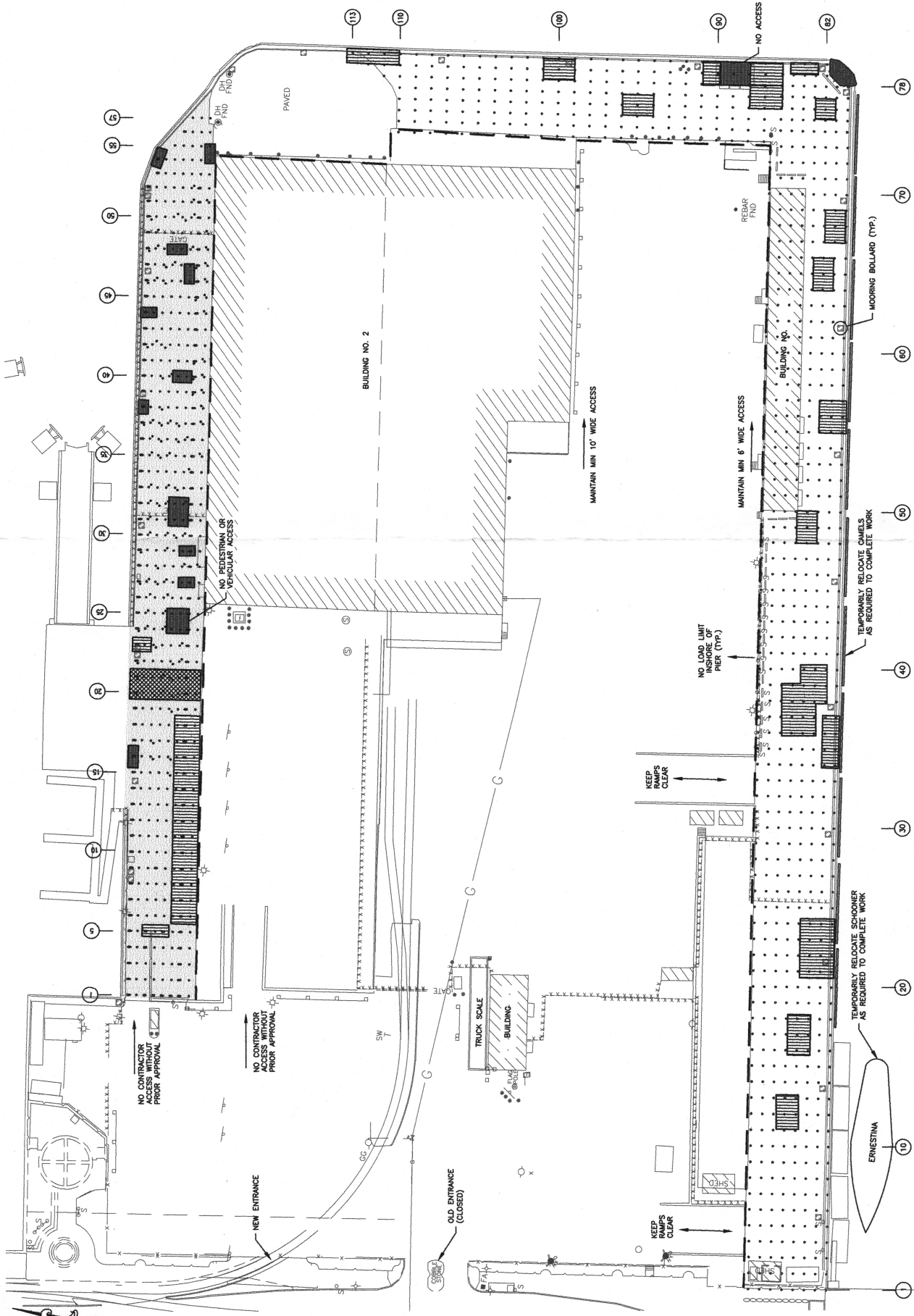
Respectfully submitted,

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NOTES

1. CONTRACTOR SHALL INSPECT THE SITE AND MAKE HIS OWN DETERMINATION OF EXISTING CONDITIONS AND OBSTRUCTIONS. CONTRACTOR SHALL INCLUDE FOR TEMPORARY SUPPORT OR REMOVAL AND REINSTALLATION OF EQUIPMENT CABLES, BARGES, TENDERS, UTILITIES AS REQUIRED TO COMPLETE THE WORK.
2. CONTRACTOR STAGING AREA SHALL BE LOCATED WITHIN THE PROJECT LIMITS AS SHOWN ON THE DRAWINGS.
3. CONTRACTOR SHALL PROVIDE CONSTRUCTION FENCING AND WARNING SIGNS AROUND WORK AREAS.
4. CONTRACTOR SHALL PROTECT ALL STRUCTURES, UTILITIES, AND EXISTING CONDITIONS. CONTRACTOR SHALL RESTORE ALL AREAS TO PRE-EXISTING CONDITION ON COMPLETION OF CONSTRUCTION.
5. CONTRACTOR SHALL COORDINATE WITH OWNER FOR RELOCATION OF VESSELS MOORED ON STATE PIER. CONTRACTOR SHALL NOT RESTRICT VESSEL MOORING AND BERTHING WITHOUT PRIOR APPROVAL.
6. CONTRACTOR SHALL PROVIDE ASSISTANCE FOR RELOCATION OF VESSELS MOORED ON STATE PIER. CONTRACTOR SHALL COORDINATE WITH THE OWNER TO COMPLETE WORK.
7. CONTRACTOR SHALL NOTE CLOSE PROXIMITY OF MOORED VESSELS ACROSS CHANNEL TO SOUTH FACE LIMIT IMPACTS ON NAVIGATION.
8. CONTRACTOR SHALL NOTE THAT CARGO SHIP BERTHING AND UNLOADING OPERATIONS ARE REQUIRED TO COMMENCE ON EAST FACE APPROX. OCTOBER 24, 2013. CONTRACTOR SHALL NOTE PHASING OF WORK AND MAINTAIN COMPLETION REQUIREMENTS FOR CRITICAL ITEMS ON SHEET 8.
9. AFTER OCTOBER 24, 2013, THE CONTRACTOR SHOULD RELOCATE SHIP P22 WITHIN 72 HOURS OF THE BERTH FOR A PERIOD OF 72 HOURS.
10. THE CONTRACTOR SHALL COORDINATE WITH THE OWNER TO ENSURE WORK IS COMPLETED IN SUCH A MANNER AND IN A SEQUENCE THAT DOES NOT PREVENT SAFE BERTHING OF CARGO SHIPS.
11. ANY BARGE OR OTHER FLOATING EQUIPMENT SHALL BE RELOCATED PRIOR TO ARRIVAL OF A CARGO SHIP.
12. THE CONTRACTOR MAY CONTINUE TO WORK WHILE A CARGO SHIP IS AT THE BERTH PROVIDED THERE IS NO DISRUPTION TO SAFE VESSEL BERTHING OR UNBERTHING, VESSEL MOORING OR LOADING/UNLOADING OPERATIONS.
13. CONTRACTOR SHALL NOTE THAT THE EAST AND SOUTH PIER ARE SECURE AREAS AND ALL CONTRACTOR FOR THE WORK SHALL MAINTAIN ACCESS TO THE PIER TWO AS SHOWN IN THE CONTRACT DOCUMENTS.
14. CONTRACTOR SHALL NOTE MAXIMUM LOAD LIMITS AS SHOWN ON THE PLAN AND SHALL NOT EXCEED LOAD LIMITS AT ANY TIME.
15. NO CRANES OR OTHER HEAVY LOADS WILL BE PERMITTED ACCESS TO THE CONCRETE PIER DECKS AT ANY TIME.
16. ALL ACCESS RAMPS ON TO PIER DECKS SHALL BE KEPT CLEAR AT ALL TIMES.
17. NO ACCESS WILL BE PERMITTED TO THE NORTH PIER WITHOUT PRIOR APPROVAL FROM THE OWNER.

Re-Repairs



DISTRIB. LOAD	TRUCK AXLE (SINGLE OR COMBINED TANDEN)	FORK LIFT TOTAL WEIGHT INCL.
NO ACCESS	5 TON	2 1/2 TON
130 PSF LOAD LIMIT	5 TON	5 TON
175 PSF LOAD LIMIT	10 TON	5 TON
250 PSF LOAD LIMIT	15 TON	7 1/2 TON
440 PSF LOAD LIMIT	16 TON	8 TON

UNLESS OTHERWISE NOTED

NEW BEDFORD STATE PIER
EMERGENCY STRUCTURAL REPAIRS
NEW BEDFORD, MA
LOAD ASSESSMENT STAGING PLAN
AUGUST 30, 2013
SHEET 3 OF 10
CONTRACT NO. P14-2884-C01 (3934-C)

